

**Audit of NARA's Payments to
Federal Agencies (Excluding GSA)**

OIG Audit Report No. 14-07

April 2, 2014

Table of Contents

Executive Summary.....	3
Background.....	4
Objectives, Scope, Methodology.....	6
Audit Results.....	7
Appendix A – Example of a FPS Invoice.....	11
Appendix B – Example of a GSA Occupancy Agreement.....	12
Appendix C – Acronyms and Abbreviations.....	13
Appendix D – Management’s Response to the Report.....	14
Appendix E – Report Distribution List.....	15

Executive Summary

The National Archives and Records Administration (NARA) Office of Inspector General (OIG) performed an audit of NARA's Payments to Federal Agencies (excluding the General Services Administration). NARA contracts with various Federal agencies for security related and building specific services using a variety of contract vehicles. In Fiscal Year (FY) 2012 and FY 2011 NARA paid \$7,886,775 and \$7,549,262, respectively, in Rental Payments to Federal Agencies (budget object code 2533). Other agreements with Federal agencies, including payroll and personal services, from budget object code 2531 and 2611 totaled \$5,295,948 in FY 2012.

We reviewed NARA payments to federal agencies, other than GSA, to ensure obligations were appropriate and NARA received services in accordance with the contracts. Overall we found, for agreements reviewed, that obligations appeared to be appropriate and NARA appeared to receive services in accordance with the contract agreements. Our review identified a few weaknesses in internal controls which require management attention.

- NARA authorized FPS invoices without verifying that the amounts were consistent with supporting documentation from GSA.
- NARA authorized payment of building-specific security charges without supporting documentation, and without knowing if the correct amount was charged.
- The point of contact on one contract agreement could not verify or document the individual dates guard services were requested or when these services were performed. These factors are necessary to support the authorization to pay the invoice.

We made four recommendations which we believe, once implemented, will address the weaknesses cited in this report.

Background

Pursuant to the Homeland Security Act of 2002 (HSA), the Federal Protective Services (FPS) was transferred to the Department of Homeland Security (DHS) from the General Services Administration (GSA) on March 1, 2003. FPS's mission is to provide law enforcement and security to buildings and property owned or occupied by the Federal government. FPS provides integrated security and law enforcement services to federally owned and leased buildings.

FPS is funded entirely from fees charged and collected from Federal agencies for its services. All tenants in GSA space pay a basic security charge. The FY 2012 and FY 2011 basic security charge per rental square foot was \$0.74 and \$0.66, respectively. This rate is set by the Office of Management and Budget (OMB), and paid to FPS via a DHS bill. Basic security includes the following:

- Law enforcement – patrol and response, criminal investigations
- Megacenter alarm monitoring and dispatch services
- Facility Risk Assessment – identification of risks and countermeasures
- Security consultation-new construction, major repair and alteration projects, leasing
- Facility Security Committee participation
- Occupant Emergency Plans support
- Crime Prevention and Awareness Training

Building-specific security charges are for items funded by FPS, including Protective Security Officers and security equipment (X-ray Machines, Magnetometers, Closed – Circuit Television Systems and Cameras, Intrusion Detection Systems and Duress Alarm Systems) which service the whole facility.

NARA's Office of Budget receives monthly Intra-Governmental Payment and Collection (IPAC) system invoices from FPS for security charges at each GSA owned or leased facility used by NARA. NARA's Office of Budget tracks monthly expenses by facility, identifies significant changes, and works with NARA's Storage Coordination and Logistics Staff on significant changes. NARA's Office of Budget and the Accounting Policy and Operations Branch (BCA) authorizes the amount to be paid to FPS based on the FPS bill.

Security Work Authorizations (SWA) are agreements made with the Federal Protective Service, Immigration and Customs Enforcement to supply security services above the building security survey recommendation or considered to be a NARA specific requirement for GSA facilities leased by NARA. NARA Interim Guidance 402-10 provides guidance for the use of SWA's. New SWA's are created by the NARA unit requesting the services. GSA and FPS will usually provide the NARA unit with a project estimate.

Payments for SWA’s are paid using IPAC’s. For SWA’s, BCA completes the approval form and then requests that the Administrative Officers or the Point-of-Contact verify that the charges are correct via e-mail.

Other federal agencies provide specific services through an alternate procurement mechanism known as an “Interagency Agreement” or IAA. Quick, simple, flexible and easy to prepare, an IAA is the convenient and easy way for Federal organizations to procure services from other Federal agencies. NARA also enters into interagency agreements with other Federal agencies for various services such as scanning services, payroll services, personnel services and web casting services.

FY 2012 and FY 2011 Rental Payments to Federal Agencies (budget object code 2533) were \$7,886,775 and \$7,549,262, respectively. These amounts are made up of mainly FPS security payments based on rentable square feet from GSA Occupancy Agreements, some SWA's and one IAA. We included other FY 2012 Security Work Authorizations and interagency agreements with other Federal agencies in our population from budget object code 2531, Services of Other Agencies and budget object code 2611, General Supplies for \$5,295,948.

	<u>FY 2012</u>	<u>FY 2011</u>
FPS for GSA Occupancy Agreements	\$7,878,750	\$7,351,108
Security Work Authorizations	\$649,331	\$78,354
Inter-Agency Agreements	<u>\$4,654,642</u>	<u>\$119,800</u>
Total	\$13,182,723	\$7,549,262

Objectives, Scope, Methodology

The overall objective of this audit was to evaluate NARA's payments to Federal agencies, other than GSA, to ensure obligations are appropriate, the agreements are in NARA's best interest and NARA is receiving services in accordance with the agreements.

To accomplish our objective, we interviewed key NARA personnel from the Office of Business Support Services, and various points of contact on agreements. We reviewed DHS Security Bills, Interagency Agreements, Security Work Authorizations, GSA Occupancy Agreements and other documentation provided by NARA. The criteria assessed and used during our audit included: the *Homeland Security Act of 2002*; Code of Federal Regulations (CFR) Title 41, Part 102 -85, *Pricing Policy for Occupancy in GSA Space*; Federal Acquisitions Regulation (FAR), Subpart 17.5, *Interagency Acquisitions*; and NARA Interim Guidance 402-10, *Reimbursable Work Authorizations and Security Work Authorizations*.

We selected a judgmental sample of 14 out of 43 agreements including six SWA's, two FPS charges for GSA owned or leased buildings, and six IAA's.

Our audit work was performed at Archives II between January 2013 and February 2014. The completion of this audit was delayed due to other assignments with higher priority. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Results

Management of Occupancy Agreements that Support Basic Security Charges

NARA authorized payment of FPS invoices without verifying that the amounts were consistent with supporting documentation. This occurred because NARA did not verify that the square footage on FPS invoices¹ matched the square footage listed in the supporting GSA occupancy agreement² when authorizing payment of FPS invoices. General Accountability Office (GAO), Standards for Internal Control in the Federal Government states that “All transactions and other significant events need to be clearly documented, and the documentation should be readily available for examination.” As a result, NARA could be either over or under billed.

Basic security is required on all GSA controlled properties where the FPS provides security services. The annual basic security rate is set by OMB on a per square-foot basis. FPS invoices are based on the GSA occupancy agreements rentable square feet and the annual basic security rate. GSA’s occupancy agreement is a written agreement which describes the financial terms and conditions under which a customer agency occupies GSA-controlled space.

The rentable square feet on GSA’s occupancy agreement should match the rentable square feet on the FPS invoice. We reviewed 37 GSA occupancy agreements, comparing the rentable space from the occupancy agreement to the square feet on the FPS invoice. The square footage on 11 out of the 37 occupancy agreements reviewed did not agree with the square footage on the FPS bills. Although management had identified discrepancies in the past, no individual or organization was assigned responsibility to follow-up or coordinate with FPS.

¹ See Appendix A

² See Appendix B

BASIC SECURITY CHARGES

	Location	Square Feet (charge basis) from September 2012 FPS Invoice	Rentable Square Feet from GSA Occupancy Agreement	Difference (Overbilled)/ Underbilled	Annual Basic Security Rate	Estimated Annual Amount (Overbilled)/ Underbilled
1	San Bruno, CA.	227,839	223,289	(4550)	\$0.74	\$ (3,367.00)
2	Philadelphia, PA. - 900 Market St (See Appendix A and B)	39,879	39,700.54	(178.46)	\$0.74	\$(132.06)
3	Dayton, Ohio - Warehouse 4	203,644	203,608.84	(35.16)	\$0.74	\$(26.02)
4	Ft. Worth, TX - Warehouse 9	84,493	84,468.10	(24.9)	\$0.74	\$(18.43)
5	Albuquerque, NM	341	336	(5)	\$0.74	(3.70)
6	Laguna Niguel, CA. - 24000 Avila Rd.	1,592	1,588.81	(3.19)	\$0.74	\$(2.36)
7	Houston, TX-GT Mickey Leland FB	384	391.16	7.16	\$0.74	\$5.30
8	Washington, D.C. - 800 N. Capitol	19,146	19,217	71	\$0.74	\$52.54
9	Dunn Road, St. Louis MO (1 Archive Dr)	438,922	441,791.60	2,869.6	\$0.74	\$2,123.50
10	Overland, Missouri - FRC Bldg 100	8,407	11,367.03	2,960.03	\$0.74	\$ 2,190.42
11	Broomfield, CO	161,730	185,989.50	24,259.5	\$0.74	\$ 17,952.03
				Estimated Net Amount		\$ 18,774.23

However, NARA's Office of Budget did not verify the FPS invoice to the applicable GSA occupancy agreement when authorizing payment. NARA's Office of Budget tracks changes on FPS invoices month to month, but no NARA organization is assigned responsibility to ensure the square footage used to calculate the basic security charges actually matches the square footage on their copy of the GSA occupancy agreements. Management had no specific reason for not reconciling basic security charges, but NARA's Storage Coordination and Logistics Staff, who manage GSA-owned/leased space and Office of Budget, are committed to work to ensure the square footage and basic security charges are accurate.

NARA was under-billed approximately \$18,774.23 in FY 2012 from those 11 GSA occupancy agreements that did not match the FPS bill. DHS said NARA was mainly under-billed because of a new guard contract coming on board and rate changes. However, in future years, NARA could be overbilled if charges are not monitored more closely.

Management of Building-Specific Security Charges

NARA authorized an estimated \$4 million in FY 2012 payments for building-specific security charges without supporting documentation detailing what these services are and without knowing if the correct amount was charged. This occurred because NARA has not successfully coordinated with DHS to ensure charges are adequately documented and explained to assure NARA is adequately billed. GAO's Standards for Internal Control in the Federal Government state that "All transactions and other significant events need to be clearly documented, and the documentation should be readily available for examination." As a result, NARA is approving invoices for unknown services. NARA could be billed for services not rendered if not monitored more closely.

Building-specific security charges are for items funded by FPS, including Protective Security Officers and security equipment (X-ray Machines, Magnetometers, Closed – Circuit Television Systems and Cameras, Intrusion Detection Systems and Duress Alarm Systems) which service the whole facility. NARA does not know what building-specific security services are included in the building-specific security charges on the FPS bills, or how the costs are determined on buildings owned or leased by GSA and paid to FPS via the monthly DHS bill.

A NARA representative said FPS used to provide estimates every year for building specific security charges, but FPS stopped providing estimates. However, we contacted a DHS point of contact on a FPS invoice and were able to get examples of what made up building-specific security charges and what was charged each month. These charges matched NARA records. NARA has not successfully coordinated with DHS to ensure charges are adequately documented and explained to assure NARA is adequately billed. As a result, NARA could be billed for services not rendered if not monitored more closely.

Management of Security Work Authorizations

The point of contact on one SWA could not verify the individual dates guard services were requested or when these services were performed. That information should be used to support the authorization to pay the invoice for these services. This occurred because emails requesting guards for special dates were not available, and many were lost in the transition to Google mail. GAO's Standards for Internal Control in the Federal Government states that "All transactions and other significant events need to be clearly documented, and the documentation should be readily available for examination." NARA could be billed for services not rendered if not monitored more closely.

Our review found contract NAR-12-SWA-NPRC-005 documented the need for additional security guards on November 17, 2011 and on four additional dates which would be determined later. There was no documentation supporting the request for additional guard service on these four other dates. However, NARA paid for these services.

The point of contact on the SWA said emails requesting guards for special dates were not available and many were lost in the transition to Google. The point of contact does remember seeing documentation supporting the request for guard services. In addition, NARA Interim Guidance 402-10, *Reimbursable Work Authorizations and Security Work Authorizations*, does not address documentation requirements for authorizations with multiple dates. The point of contact on the SWA will implement a log requiring the physical security specialist, and himself, to complete when requesting additional guard service.

It is ineffective to manage any type of procurement for services without details of when services occurred. NARA could be billed for services not rendered if not monitored more closely.

Recommendations


We recommend the Executive for Business Support Services:

1. Periodically compare the square footage on FPS invoices to GSA Occupancy Agreements to ensure accuracy of basic security charges.
2. Work with GSA and FPS to resolve any differences in rentable square footage to ensure the correct square footage is used in calculating basic security charges on FPS bills.
3. Work with DHS in understanding what services are included in the building-specific security charges and how the monthly charges are calculated for each facility owned or leased by GSA. NARA should compare and reconcile their understanding of building specific security charges to the FPS bill to ensure accuracy of building-specific security charges.
4. Update NARA Interim Guidance 402-10, *Reimbursable Work Authorizations and Security Work Authorizations* to provide guidance on what controls are needed over procurement vehicles, such as an SWA covering multiple events, and what supporting documentation is needed to ensure charges billed are correct. At a minimum, all dates, requested services and services provided should be documented.

Management Response

Management concurs with all four recommendations in this audit, and will address them further in an action plan.

Appendix A –Example of a FPS Invoice

		Department of Homeland Security Federal Protective Service Security Bill	
Agency:	88 (NARA)	Bill For: 09 2012	Account Code: 88000001
Bureau:	8800 NARA		Bill No:12090114
Real Property ID:	PA0143	ROBT N C NIX FB USPO 900 MARKET STREET PHILADELPHIA, PA, 19107-4228	
Region:	03	DHS Contact:	
OA:	APA01284	[REDACTED]	
		[REDACTED]	Page Number:28
		Charge Basis Annual Rate Amount Due Year To (Monthly) Date	
A. Basic Security Charges	39,879.00	\$0.740	\$2,459.18 \$29,510.16
B. Building Specific Operating Security Charges	39,879.00	\$0.980	\$3,244.52 \$40,233.55
C. Total Department of Homeland Security Bill (A+B)			\$5,703.70 \$69,743.71
E. Billing Adjustments & Corrections			
a. Basic Security Charges Adjustments			\$0.00 \$0.00
b. Building Specific Operating Security Charges Adjustments			\$0.00 \$0.00
F. Adjustments SubTotal			\$0.00 \$0.00
G. Total FPS Bill (C+F)			\$5,703.70 \$69,743.71

Appendix B – Example of a GSA Occupancy Agreement

Signed Agreement and Financial Summary

OCCUPANCY AGREEMENT
Between
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION (8800)
And
GENERAL SERVICES ADMINISTRATION

APA01284	Final	Version:	13	Date Last Modified:	30-Sep-2008
PA0143	PA0069419			Shell and Operating Rate Reset to Market	

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION (Code 8800) will occupy 29,355.00 usable (39,673.76 rentable) square feet of space and 0 structured parking spaces and 0 surface parking spaces at ROBT N C NIX FB USPO (PA0143) located at 900 MARKET STREET, PHILADELPHIA, PA, for a period of 60 months commencing on or about 11/01/2008.
 The agency share of Joint Use Spaces is 26.78 rentable square feet.

{	39,673.76
+	26.78
}	39,700.54

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION (Code 8800) will pay the General Services Administration rent in accordance with the attached page(s). The rental will be adjusted annually for operating cost.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION (Code 8800) will pay the General Services Administration additional rent for prorated share of joint use space associated with this location, if any.

Additional/reduced services are shown on the attached Occupancy Agreement Financial Summary.

Mandatory Clauses

Federal Specific Mandatory Clauses

Alterations by Tenant Agency

The tenant agency agrees that it will undertake no alterations to the real property governed by this OA without prior approval from PBS.

Building Services

Building services to be provided are outlined in the PBS Real Property Customer Guide. Additional or upgraded services beyond those identified are provided by PBS on a reimbursable basis. Charges for certain recurring reimbursable services may be billed on the PBS Bill. Recurring charges for overtime utilities, enhanced custodial services, mechanical O&M HVAC, mechanical O&M Other and additional guard services are eligible for billing on the PBS Bill provided the tenant agency has been designated as a "participating agency". The charges must be initiated by the tenant agency and renewed annually. The recurring RWA processing fee will be assessed against each service billed.

Federal Construction

In the case of Federal construction, the parties agree that PBS is responsible for providing the funds necessary to acquire land (if appropriate), design and construct the building shell, and fund the tenant agency's tenant improvement allowance. The tenant agency is responsible for any tenant improvement costs in excess of the tenant improvement allowance. The parties further agree that savings or cost over-runs on the acquisition of land or the design and construction of building shell will not result in increases or decreases in the tenant allowance amount, except in the case of prospectus level projects, where bids for the construction of the shell are over the approved budget. In this case, it is permissible to lower the tenant allowance in order to increase the shell budget, but only with approval of the tenant agency. The tenant agency can appeal to the PBS asset manager in cases in which the agency's assigned tenant improvement

Appendix C - Acronyms and Abbreviations

CFR	Code of Federal Regulations
DHS	Department of Homeland Security
FAR	Federal Acquisition Regulations
FPS	Federal Protective Services
FY	Fiscal Year
GAO	General Accountability Office
GSA	General Services Administration
IAA	Interagency Agreement
IPAC	Intra-Governmental Payment and Collection System
NARA	National Archives and Records Administration
OIG	Office of Inspector General
OMB	Office of Management and Budget
RWA	Reimbursable Work Authorization
SWA	Security Work Authorization

Appendix D – Management Comments



Date: MAR 31 2014
To: James Springs, Acting Inspector General
From: David S. Ferriero, Archivist of the United States
Subject: OIG Revised Draft Audit 14-07, Audit of NARA's Payments to Federal Agencies (Excluding GSA)

Thank you for the opportunity to provide comments on this revised draft report. We appreciate your willingness to work with us to clarify language in this report.

We concur with all four recommendations in this audit, and we will address them further in our action plan.



DAVID S. FERRIERO
Archivist of the United States

NATIONAL ARCHIVES and
RECORDS ADMINISTRATION
8601 ADELPHI ROAD
COLLEGE PARK, MD 20740-6001
www.archives.gov

Appendix E - Report Distribution List

David S. Ferriero, Archivist of the United States (N)
Jay Bosanko, Chief Operating Officer (C)
Chuck Piercy, Executive for Business Support Services (B)
Micah Cheatham, Chief Financial Officer (BC)
Mary Drak, Performance and Accountability Staff (CP)